

## HIGH LEVEL GROUP REFLECTING ON FUTURE COHESION POLICY

MEETING NO. 5 - 7<sup>TH</sup> + 8<sup>TH</sup> JUNE 2010

VENUE: EUROPEAN COMMISSION, LORD JENKINS ROOM

EUROPEAN TERRITORIAL COOPERATION

### 1. INTRODUCTION

At its meeting in March, the High level Group reflecting on future Cohesion policy discussed the European Territorial Cooperation objective and, more particularly, ways to strengthen its strategic dimension. Today's session will continue this discussion with a focus on optimising programme architecture and delivery.

### 2. ARCHITECTURE

Co-operation programmes have had to adapt to changing implementation frameworks from one funding period to another – from experimental pilot actions to Community Initiatives to inclusion in the regulatory framework as a fully fledged objective. Such changes have presented a certain challenge for those that have had to adapt the management systems to ensure they are in compliance. Inclusion in the overall regulatory framework has had the advantage of giving a sounder legal basis for cooperative action and making roles and responsibilities more explicit. However, it has also meant that cooperation programmes have less flexibility and sometimes need to apply provisions that can be ill-suited for multi-country programmes.

There are a number of fundamental issues concerning the future architecture of the ETC objective:

- Overall regulatory framework: one option would be for the cooperation dimension to be strengthened in the context of the Structural Funds regulations, which would help to ensure coherence with other Structural Funds programmes. Another option would be to introduce a new specific cooperation regulation or fund in order to address the specific issues for multi-country programmes. There may also be the need for the Commission to provide more guidance below the level of the regulation.
- The structure could be amended to reduce the number of cooperation strands through merger, e.g.: combining two or more strands (e.g. either integrating the cross-border programmes of a given programme area into the corresponding transnational programmes, or providing one EU-wide cooperation framework under which transnational and inter-regional projects could be funded). This could simplify management structures and foster strategy coherence. On the other hand, the current three strands each have their own *raison d'être* and ownership. The other direction therefore would be to retain the three separate strands. A related issue is the one on the definition of programme areas, which could be redefined based on an evaluation of their pertinence. The other option would be to largely build on existing ones with only minor adjustments where needed (e.g. to align a programme area with the geography of a macro-regional strategy, to merge smaller cross-border programmes).
- Allocation of funds: this is currently made by programme for the programmes covering all Member States, a methodology which could be expanded to transnational programmes or all cooperation programmes. This would help to avoid delays in the start-up phase of the programme and encourage a focus on cooperation and project

quality rather than Member State share of funding. Consideration would need to be given to developing suitable allocation criteria.

*How should future ETC architecture be designed in order to support improved delivery of its objectives?*

*Should the three strands be kept?*

*Which options would you favour and are there other possible options?*

### **3. DELIVERY**

The delivery system for ETC has often been criticised for its complexity. Any programme including partners from different Member States will entail challenges with regard to preparation, implementation, monitoring and audit. For the design of an improved delivery system it is important to identify bottlenecks and at which level they are created. It will also be important to consider how the system can help to ensure a focus on results. Finally, the specific case of delivery of cooperation programmes at external borders deserves special attention.

A number of possibilities could be considered with a view to better tailoring the ETC delivery system to its specific needs:

- General implementation: issues whose application might be revisited include the automatic de-commitment rule; need for EU-wide eligibility rules as opposed to the use of national rules; more flexibility for involvement of project partners outside the eligible area/outside the EU; technical assistance funding limits and possibility to fund it solely from ERDF; how to better support the establishment and exchange between EGTCs; establishment of aid schemes in the beginning of the programming period in order to avoid problems with state aid and facilitate participation of private actors; role of financial engineering.
- Financial management and control: issues whose application might be revisited include the establishment of proportional control arrangements; stronger use of simplified cost options and fixed ceilings e.g. for overheads and project management; fostering joint control activities for the programme area as a whole; arrangements between participating regions and partners to correct detected irregularities and ensure smooth reimbursement of EU funds where necessary;
- Delivery and demonstration of results: Possibilities here include more targeted project generation, stricter selection criteria (in regulations or for Commission's approval), financial incentives for flagship/ strategic projects through stronger use of differentiated co-financing rates, deadlines for completion of key projects; design of programmes from the outset based on clear objectives and intervention logics on the basis of a limited number of indicators suitable for co-operation, and allowing for meaningful presentation of results and impact using both quantitative and qualitative methods.
- Cooperation at external borders: Lack of coherence in funding instruments still poses considerable problems. The reasons for significant delays in ENPI cross-border programmes need to be examined and addressed; there should be closer integration of

EDF funding to facilitate cross-border co-operation for outermost regions, and improved delivery mechanisms in relation to instrument for pre-accession IPA.

*What adjustments to the delivery system for ETC programmes could be made in order to ensure a smoother, simpler and more proportionate approach?*

*What forms of audit and control would best suit cooperation as distinct from other Structural Funds programmes?*

*How can the specific challenges to external border cooperation be overcome?*